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HARYANA GOVERNMENT

FINANCE DEPARTMENT

Notification

The 8th June, 2020

No. 13/4/2006-WM(1)-2020/11307.— Revised Scheme for Constitution and Administration of the Consolidated Sinking Fund of Government of Haryana.

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| Title of the Scheme: | 1. The Scheme shall be called 'Consolidated Sinking Fund Scheme' (hereinafter referred to as 'the Fund') of the Government of Haryana (hereinafter referred to as 'the Government'). |
| Constitution of the Fund: | 2. The Fund will be constituted by the Government of Haryana for redeeming its outstanding liabilities. |
| Objective of the Scheme: | 3. The Fund is to be utilised as an Amortisation Fund for redemption of the outstanding liabilities of the Government. |
| Commencement of the Operation of the Scheme: | 4. The Fund shall come into force with effect from the financial year 2020-2021. |

Explanation:

- (a) The Fund shall substitute the extant CSF scheme adopted by the Government.
- (b) The outstanding balances of the extant CSF Scheme as at end-March 2020 shall be transferred to the Fund.
- (c) The interest accrued and accumulated in the Fund only shall be utilised towards the redemption of the outstanding liabilities of the Government as hereinafter provided.
- (d) The Fund shall not be utilised for any purpose other than redemption of the outstanding liabilities of the Government.
Provided that the net incremental annual investment of States (i.e. outstanding balance over and above the level in the corresponding period of the previous year) shall be eligible for availing Special Drawing Facility (SDF).
- (e) The outstanding liabilities is defined to comprise of internal debt and public account liabilities of the Government.

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| Contributions to the Fund: | 5. | The Government may contribute to the Fund on a modest scale of at least 0.5 per cent of the outstanding liabilities as at the end of the previous year beginning with the financial year 2020-2021. The Government shall make efforts to raise the minimum contribution every year. There is no ceiling on such contributions to the Fund in terms of number of times of making contributions in a year. It is open to the Government to invest in the Fund from the General Revenue at any time or from other sources such as disinvestment proceeds to the Fund, at its discretion. The Government shall not fund its contribution to the Fund out of borrowings from the Reserve Bank. |
| Relationship of the Fund with General Revenues: | 6. | The corpus of the Fund comprising the periodic contributions as well as the income accruing to the Fund shall be kept outside the General Revenue of the Government. The Fund shall be utilised in the manner prescribed in this Scheme. |
| Administration of the Fund: | 7. | The Fund shall be administered by Central Accounts Section of the Reserve Bank of India at Nagpur (hereinafter referred to as the Bank), subject to such directions/instructions as the Government may issue from time to time. |
| Investment of the corpus of the Fund: | 8. | The accretions to the Fund shall be invested in Government of India dated Securities, Treasury Bills, Special Securities of GoI and State Development Loans of other States of such maturities as the Bank may determine from time to time in consultation with the Government. |

Explanation:

(a) The accretions to the Fund shall include the periodic contributions and the income accruing to the Fund from investment thereof.

(b) The Bank will make available the securities for investment by acquiring the securities from the secondary market, without loading any charge other than that indicated in paragraph 10.

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| Account Transactions: | 9. | <p>(a) The Bank would arrange to raise a debit to the account of the Government maintained with it as per the advice of the Government.</p> <p>(b) The contributions to the Fund shall be invested by the Bank in Government Securities as indicated in paragraph 8 in multiples of Rs.10,000/-.</p> <p>(c) The periodic accretion to the Fund by way of interest income shall be reinvested by the Bank in a similar manner, in multiples of Rs.10,000/-.</p> <p>(d) The investments held in the Fund and maturing during currency of the scheme shall be reinvested in accordance with paragraph 8.</p> <p>(e) Since the State has set up the Fund in FY 2003-04 under the earlier Scheme, the State shall continue to utilise the interest accrued and accumulated in the Fund towards redemption of the outstanding liabilities of the Government, as per its directions. The amount shall not exceed the amount of redemption due in the year of withdrawal, in respect of open market borrowings. The contribution forming the corpus of the Fund shall remain intact, until substantial amount is built up. A review thereof may be taken at an appropriate period from 2025-26.</p> |
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Explanation:

(a) The debit to Government on account of the periodic instalments will be accounted under the major head "8222-Sinking Funds-01-Appropriation for Reduction or Avoidance of Debt-101-Sinking Fund, 51-NA, 51-NA, 10-Contributions. On the maturity of the loan (Security concerned of the relevant sub head), the balance outstanding under the head 8222-02-Sinking Fund-Investment Account, 101-Sinking Fund Investment Account is credited to the head 8680-Miscellaneous Government Account, 51-NA, 101-Ledger Balance Adjustment Account.

(b) The Bank shall scroll to the Government the debit on account of investment less the incidental charges in the usual course. However, in order to ensure that the investment transactions of the Fund do not get mixed up with other transactions, these will be indicated distinctly in separate scrolls.

- (c) The Bank shall arrange to collect interest on the investments and credit the same to the Fund on the due dates.
- (d) On the maturity of the securities, the Bank shall arrange to redeem the securities. In case of premature disinvestment to meet the liability on account of the claims to be paid, the Bank will decide on the securities to be encashed in consultation with the Government and sell the securities at the ruling price and credit the amount realised, less incidental charges to the Fund. As in the case of debit scrolls, the Bank shall use separate scrolls for the receipts.
- (e) The provision for expenditure on account of the periodic contributions shall be made in the Budget of the Government under the expenditure head-2048-Appropriation for reduction or avoidance of debt-51-NA-101-Sinking Fund-99-Amortization of Market Loans transfer/outstanding liabilities of the State, 10-Contributions. The extent of expenditure to be financed from the Fund shall be withdrawn from the Fund by the disposal of the investment.
- (f) The Bank shall open a Current Account and Subsidiary General Ledger Account in the name of the Fund and furnish to the Government as at the end of September and March each year, a statement showing the details of investments.
- Service charges for administration of the Fund:** 10. The Government shall pay to the Bank a commission at the rate of 1/8 per cent of one per cent on the turnover of the Fund or at the rate to be mutually decided from time to time.
- Accounts and Audit:** 11. The accounts of the Fund and the investments shall be maintained by the Accountant General of the State in the normal course. The Bank will maintain subsidiary accounts in such manner and details as may be considered by the Government in consultation with the Accountant General.
- Savings:** 12. The Government shall issue instructions relating to the provisions of the Scheme as may be considered from time to time to enable smooth functioning of the scheme. In case of any difficulty in the operation of any provision of Scheme, the Government may, if satisfied, relax the provisions.

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